

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

Bond #1000889364

MELINDA SERIN, et al.,

:

Plaintiffs,

:

vs.

:

SUPERSEDEAS

**NORTHERN LEASING
SYSTEMS, INC., et al.,**

:

Case No. 7:06-CV-1625

Defendants. :

WHEREAS, NORTHERN LEASING SYSTEMS, INC., Appellant has prosecuted an appeal to the United States Circuit Court of Appeals for the Second Circuit, from the Judgment entered on the 22nd day of April, 2011, in the office of the Clerk of the above-named Court, against the said Appellant, NORTHERN LEASING SYSTEMS, INC. and in favor of Plaintiff's attorneys CHITTUR & ASSOCIATES, P.C., Appellee in the amount of SIX HUNDRED THIRTY-SEVEN THOUSAND THREE HUNDRED SIXTY-FIVE AND 46/100THS-----(\$637,365.46)DOLLARS.

NOW, THEREFORE, the U.S. SPECIALTY INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Texas located at 601 S. Figueroa Street, Suite 1600, Los Angeles, CA 90017, as Surety, and duly authorized to transact business in the State of New York, having an office at 60 East 42nd Street, Suite 965, New York, NY 10165, does hereby undertake in the sum of SEVEN HUNDRED SEVEN THOUSAND FOUR HUNDRED SEVENTY-SIX AND 00/100THS-----(\$707,476.00)DOLLARS.

CONDITIONED that if NORTHERN LEASING SYSTEMS, INC. as Principal/Appellant, shall pay to the Appellee, CHITTUR & ASSOCIATES, P.C., the amount directed to be paid by the said Judgment, or the part of such amount as to which the said Judgment is affirmed, if it be affirmed only in part, which shall be awarded against said Appellant on said appeal, plus interest and costs, then this obligation shall be void; otherwise to remain in full force and effect.

Dated: May 5, 2011

U.S. SPECIALTY INSURANCE COMPANY
Surety

By: *Maria Sponza*
Maria Sponza, Attorney - In - Fact

U.S. DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

11 MAY - 5 PM 2011

CHITTUR & ASSOCIATES

Surety Acknowledgment

STATE OF **NEW YORK**

COUNTY OF **NEW YORK**

On the 5th day of May, 2011, before me personally came Maria Sponza, resides at 60 East 42nd Street, New York, New York, State of New York, that she is Attorney-In-Fact of **U.S. Specialty Insurance Company** the corporation described in and which executed the within instrument; that she knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that is was so affixed by the Board of Directors of said corporation, and that she signed her name thereto by like order; and that the **U.S. Specialty Insurance Company** is duly authorized to transact business in the State of New York in pursuance of the statutes in such case made and provided; that the Superintendent of Insurance of the State of New York, has, pursuant to Chapter 28 of the Consolidated Laws of the State of New York, known as the Insurance Law, issued to the **U.S. Specialty Insurance Company** a Certificate of Solvency and of Qualification to become surety or guarantor on all bonds, undertakings, recognizances, guaranties and other obligations required or permitted by law; and that such certificate has not been revoked.

Anita Hunter

Notary Public

ANITA HUNTER
Notary Public, State of New York
NO. 01HU4828371
Qualified in Richmond County
Commission Expires April 30, 2015

POWER OF ATTORNEY

AMERICAN CONTRACTORS INDEMNITY COMPANY UNITED STATES SURETY COMPANY U.S. SPECIALTY INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS: That American Contractors Indemnity Company, a California corporation, United States Surety Company, a Maryland corporation and U.S. Specialty Insurance Company, a Texas corporation (collectively, the "Companies"), do by these presents make, constitute and appoint:

Carol L. Levine or Maria Sponza of New York, New York

its true and lawful Attorney(s)-in-fact, each in their separate capacity if more than one is named above, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed *****Two Million***** Dollars (\$ *\$2,000,000.00*).

This Power of Attorney shall expire without further action on November 3, 2011. This Power of Attorney is granted under and by authority of the following resolutions adopted by the Boards of Directors of the Companies:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and on behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached.

IN WITNESS WHEREOF, The Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 13th day of April, 2010.

AMERICAN CONTRACTORS INDEMNITY COMPANY UNITED STATES SURETY COMPANY U.S. SPECIALTY INSURANCE COMPANY

Corporate Seals



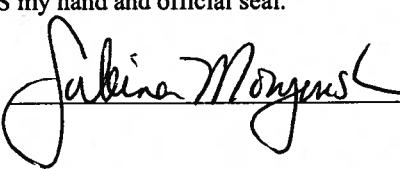
By: 
Daniel P. Aguilar, Vice President

State of California

County of Los Angeles SS:

On this 13th day of April, 2010, before me, Sabina Morgenstern, a notary public, personally appeared Daniel P. Aguilar, Vice President of American Contractors Indemnity Company, United States Surety Company and U.S. Specialty Insurance Company who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.
 WITNESS my hand and official seal.

Signature  (Seal)



I, Jeannie J. Kim Assistant Secretary of American Contractors Indemnity Company, United States Surety Company and U.S. Specialty Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Companies, which is still in full force and effect; furthermore, the resolutions of the Boards of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seals of said Companies at Los Angeles, California this 5TH day of MAY, 2011.

Corporate Seals




 Jeannie J. Kim Assistant Secretary

Bond No. 1000889364
 Agency No. 11537

**U.S. SPECIALTY INSURANCE COMPANY
STATUTORY STATEMENT OF ADMITTED ASSETS,
LIABILITIES, CAPITAL AND SURPLUS (1)
December 31, 2009**

Admitted Assets

Investments:	
Fixed Maturities, at amortized cost	1,150,925,192
Cash and short term investments	181,569,912
Total cash and invested assets:	
	<u>1,332,495,104</u>

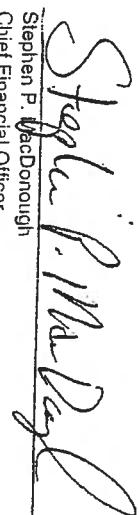
Liabilities and Capital and Surplus

Liabilities:	
Unpaid loss and loss adjustment expense	693,748,772
Accrued expenses	4,842,778
Taxes, licenses, and fees	4,084,537
Unearned premiums	287,747,447
Ceded reinsurance balance payable	56,734,791
Funds held under reinsurance treaties	9,477,750
Amounts withheld or retained for others	42,935,925
Provision for reinsurance	3,296,276
Payable for securities	591,781
Total liabilities	
	<u>1,103,460,057</u>
Capital and Surplus:	
Surplus from admitted adjusted gross DTA under SSAP 10, paragraph 10a	9,110,251
Capital Stock	4,000,000
Additional paid-in and contributed capital	172,171,491
Unassigned surplus	239,611,614
	<u>424,893,356</u>
Total liabilities and capital and surplus	
	<u>1,528,353,413</u>

(1) - In accordance with the statutory financial statements as filed on March 1, 2010.

I, Stephen P. MacDonough, Chief Financial Officer of U.S. Specialty Insurance Company, hereby certify that to the best of my knowledge and belief, the foregoing is a full and true Statutory Statement of Admitted Assets, Liabilities and Capital and Surplus of the Company as of December 31, 2009, prepared in conformity with accounting practices prescribed or permitted by the Texas Department of Insurance. The foregoing statement should not be taken as a complete statement of financial condition of the Company. Such a statement is available upon written request at the Company's home office located at 13403 Northwest Freeway, Houston, Texas 77040.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation at Houston, Texas.


 Stephen P. MacDonough
 Chief Financial Officer

STATE OF NEW YORK
INSURANCE DEPARTMENT

CERTIFICATE OF SOLVENCY UNDER SECTION 1111 OF THE NEW YORK
INSURANCE LAW

It is hereby certified that

U.S. Specialty Insurance Company
of Houston, Texas

a corporation organized under the laws of the State of Texas, and duly authorized to transact the business of insurance in this State, is qualified to become surety or guarantor on all bonds, undertakings, recognizances, guaranties and other obligations required or permitted by law; and that the said corporation is possessed of a capital and surplus including gross paid-in and contributed surplus and unassigned funds (surplus) aggregating the sum of \$424,893,356. (Capital \$4,000,000.) as is shown by its sworn financial statement for the quarter ended December 31, 2009, on file in this Department, prior to audit.

The said corporation cannot lawfully expose itself to loss on any one risk or hazard to an amount exceeding 10% of its surplus to policyholders, unless it shall be protected in excess of that amount in the manner provided in Section 4118 of the Insurance Law of this State.



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Albany, this 14th day of April, 2010.

Eric R. Dinallo
Superintendent of Insurance

By *Clark J. Williams*
Clark J. Williams
Special Deputy Superintendent